NEW MULTIANUAL FINANCIAL FRAMEWORK: PRIORITIES FOR THE EUROPEAN UNION, PRIORITIES FOR ROMANIA

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Abstract
This article proposes a brief foray into the situation of the European economy, but especially of the banking system of the Member States affected differently by the current world economic crisis, or recession, but especially for a detailed analysis of the New Multiannual Financial Framework for the period 2014-2020, with the priorities which appear to be distinct for the EU and for Romania. After a comparative analysis of European regulations on the agreements of the previous financial negotiated for the period 2014-2020, and Delors I (1988-1992), Delors II (1993-1999), the Agenda 2000 (2000-2006) and multiannual financial framework (2007-2013) and ultimately the provisions of the Treaty of Lisbon (which convert multiannual financial framework in an essential act from a legal point of view); express personal opinions on Romania's priorities and on the challenges and perspectives in the actual European and global context.

Keywords: *Multiannual Financial Framework, budget deficit and current account deficit, fiscal capacity of the Euro area, the budget of the European Union.*

Introduction

At the time of Romania's accession to the European Union, the institutional structure and the European economic and political framework had another structure. Even if economic and financial policies of the European Union seem the same, with small changes, in fact realities makes European decision-makers to change many of the items that seemed stable at the economic, financial and banking level.

The dynamic of the realities is quite different, causing need for regulations and more elaborate of the way of forecast the national budgets, but most of all of the way to spend European money and not only.

Many specialists in the fields of finance- banking came in the course of time with scenarios in which they have came up with solutions with solutions for specific situations encountered in the different European states once with installation and generalization of the current world economic crisis.

Such renowned economists are also theoreticians pleading for this subject and practitioners of relevant field who have offered solutions after relevant and detailed analysis of the phenomena.

These solutions were analyzed by the union interests and political decisions that have been taken, unfortunately for some, out of happiness for others have generated consequences more or less commensurate in the short term, but with negative consequences for some states.

In the year of 2013, which began under the auspices of growth crisis in some member states and recession in the others, the perspective unfortunately remains less than optimistic, as long as, in my opinion, they do not unlock the functioning of the internal economies and as long as the banking sector remains lacking in the release and waiver of the liquidity in the system the use of true "financial engineering and banking".

Those financial instruments that have led to the bankruptcy of some banks of renown, in the USA (ex Lechman * Brothers) and of some companies that have sold illusions to the investors (eg: bankruptcy of the reputation American Enron company ...) and examples are many….

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These financial instruments have produced damages whereas they had been used and the renowned European banks and thus they have lost all the money investment and they have remained without liquidity.

In this way, financial and economic crisis that seemed to remain on American land has been propagated quickly in Europe and here has expanded gradually on the big European financial empires.

2. European Context prior to the adoption of new multiannual financial framework of the European Union.

The current economic crisis of the world started in the United States of America in 2008 and has been propagated at the speed of light in Europe. (Unlike the previous price crisis of 1929-1933, which has been started in 1929 in USA, but overcame the financial and banking system only in European 1933).

This has generated different approaches with respect to the evolution in crisis management in general, although each from the previous crisis has had different origins, different reasons, but especially different developments.

European Union has to react to a crisis whose evolution has not been until now stopped, and the solutions offered are far from being relevant, in order to put an end to crisis and minimise the effects global recession.

With all that, this global economic crisis is has differently feel in the Member States, at European level is attempting the adoption of solutions in the medium and long-term to boost and to restart economies of the member states.

3. The Multiannual Financial Framework of the European Union, priority in the Irish presidency. (MFF)

Up until the present time it have been concluded four such agreements: Delors I (1988-1992), Delors II (1993-1999), the Agenda 2000 (2000-2006) and Multiannual Financial Framework- MFF (2007- 2013). MFF became an essential from a judicial point of view in the Treaty of Lisbon. Currently they are debating the future multiannual financial framework after 2013[1].

In the 1980s, the balance of political and institutional community of the financial arrangements has been subjected to an increase pressures, having in essence three types of troubles: a conflictual climate in the institutional relations, budgetary imbalances problem, dealt with differently in the member of the Euro area and not only; a growing disparity between resources and requirements.

Accordingly, the european institutions have been driven to agree on a procedure designed to enhance budgetary procedure to ensure budgetary discipline, to decide on an programming in the medium term the main priorities of the EU budget for the next period and, eventually, to transpose these priorities into a financial framework in the form of an financial perspective.

In 1988, this allowed EU to develop and implement programs of policy yearly with more strictly observed.

First agreement, concluded in 1988, has included financial perspective for the period 1988-1992, also known under the name of the package Delors I, which was aimed at to provide resources for budget of the ”Single European Act”.

A new Agreement was agreed on 29 October 1993, including financial perspective for the period 1993 to 1999 - the package Delors II, a fact which allowed doubling of the structural funds and fare being raised ceiling of its own resources.

The third agreement on financial perspective for the period 2000 to 2006, a well-known and under the name of Agenda 2000, was signed on 6 May 1999, one of its main challenges consisting of

[1] http://www.europarl.europa.eu/ftu/pdf/ro/FTU_1.5.2.pdf, Fabia Jones, 01/2012.

the ensuring the financing required for the extend EU. The fourth agreement, relating to the period 2007-2013, was agreed on 17 May 2006.

MFF was included in the Lisbon Treaty, in which the 312 article is mentioning that MFF was adopted "for a period of at least five years", "aimed at providing the evolution ordered of the Union expenses within the limits of resources and reserves", and that the "annual budget of the Union shall comply with multiannual financial framework", thus laying the foundations of the financial discipline.

Lisbon Treaty stipulates that MFF: 'It shall establish the annual ceilings on the appropriations for commitments on categories of expenditure and of the roof of annual credits for payments, and also "provides for any other provisions helpful proper conduct of the annual budgetary procedure", thus meeting, to a large extent, the main objectives of the current loan agreement.

Interinstitutional Agreement (AII) currently has three pieces: Part I contains a definition and a series of provisions for the application for financial framework..

That section includes several tools that provides greater flexibility (the EU Solidarity Fund, the european adjustment to globalization, reserve for emergency aid and the flexibility instrument), in addition to ceilings MFF review "in the case of unforeseen circumstances" (point 21). Part II refers to improve collaboration in the interinstitutional budgetary procedure. Part III contains provisions relating to good financial management of the EU funds.

Financial framework itself is presented in Annex I to the Agreement. The adopted MFF on 17 May 2006 was reviewed in four rows of then, in order to:

- Galileo (* 4.8.6) and European Institute of innovation and technology (EIIT, * 4.14.0) (Decision of 17 December 2007)
- the plan european economic recovery 1 (May 2009)
- the plan european economic recovery 2 (December 2009)
- the project "International Thermonuclear Experimental Reactor" (ITER) (dec. 2011)

MFF 2007-2013

A. The current agreement was agreed after a series of intense negotiations. On the whole, the agreement agreed has guaranteed that EU budget will be well managed and will standstill legislative and budgetary powers of the European Parliament during the period 2007-2013, for example, by means of providing greater flexibility in the context of the budgetary procedure, of some reactions improved and faster to catastrophes, of some obligations more clear for the Member States, the improved financial planning, as well as of some better controls for setting up of new agencies.

The European Parliament played a role in a review MFF essentials in order to ensure sufficient budgetary means to launch Galileo, the system of sailing by satellite from the EU, and European Institute of innovation and technology (EIIT), as well as with a view to finance the European Plan to economic recovery and the ITER.

B. Regulation of MFF in accordance with the Treaty of Lisbon, MFF becomes an compulsory act from a legal point of view, adopted by a special legislative procedure which involves adoption by the Council, acting unanimously, after obtaining the approval, which shall be decided by a majority of the members.

The role of the European Parliament is reinforced by article 312 paragraph (5) of TFUE (Lisbon Treaty). It provides that "during the entire procedure leading to financial framework, the European Parliament, the Council and the Commission shall take all necessary steps in order to facilitate the adoption".

The Commission published on 3 March 2010 a draft regulation on MFF, a new draft of the Agreement and changes in financial regulation it deemed to be necessary for full implementation of the course contents current agreement within the legal framework post-Lisbon.

The Council has adopted its position relating to the draft regulation on MFF and to the draft Interinstitutional Agreement, on 18 January 2011. On 6 July 2011, European Parliament has refused to give their approval to Council's proposal, since this was much less flexible than the current

Arrangement and does not taking into account for none of the requests had expressed in oral questions, in a parliamentary rezolution and towards the trilateral discutions related to the budget for 2011.

In july 2010, European Parliament set up a special commission for a period of 12 months of political challenges and budgetary resources for a sustainable EU after 2013 (SURE), which has been requested to submit on a report prior to the submission of a proposal by the Commission following MFF figures. SURE Commission has been responsible for the:

1. Definition of priorities of the political to MFF after 2013 under domestic and budget point of view;
2. The estimated financial resources which the Union need to achieve the objectives and to implement the policies, for the period commencing on 1 January 2014;
3. determination of the duration of next MFF;
4. the proposal, in accordance with the mentioned foregoing priorities and objectives, of a structure for the future MFF, which indicate the main areas of activity of the Union;
5. Presentation of guidelines for an indicative distribution of resources between and within the framework of the different items of expenditure to the MFF, in accordance with proposed priorities and structure;
6. The connection between a reform of the financing system by the EU budget and a review of the expenses, to give the Commission on budgets a solid base for the negotiations on the new MFF mode.

On the basis of these works, the adopted on 8 June 2011 a rezoluție entitled "The investment in the future: a new multiannual financial framework for a Europe competitive, sustainable and favorable to inclusion"[2]

The multiannual financial framework, presented by the European Commission "focuses on the financing priorities which generates added value real. For example, a facility to connect european - which will finance cross-border projects in the field of energy, transport and information technology, with the aim of strengthening internal market"

In addition to new fund created - "Connecting Europe Facility" – Press release issued by the European Commission more recalls that are allocated to "significantly more funds for research and innovation as well as for the area to youth. The Budget means, in terms of commitment appropriations 1,025 billion euros (1.05 % of GNI- Gross national income- and EU integration) and concerned at 972.2 billion euros (1% of GNI the EU) in terms of credits of payments.

The pressure of the sovereign debt crisis and external instability continues to be attention European officials all the more so as far as they affect the rich member states, and they have noticed the effects of the generalized economic crisis.

The only difficulty seems to be however, the different approach of the same problem. So, Alain Lamassoure, the head of the Commission budgets of European Parliament considered that: "there is no save today without budgetary austerity and it will not increase tomorrow without investing in the future."

During this time., member states, which are feeling plenty of both crisis and recession, (Greece, Spain, Portugail and France, Italy) to consider that we can not talk about a revived economy, if we can not fully power up the economy of each one of these states, by unlocking financial resources (Liquidity) and fare being raised of the internal consumption.

It is found so that Commission proposals reflect main priorities of the European Parliament: to spend more where necessary and thus to save in other areas, and find new sources of financing in such a way that national contributions to be reduced, is a priority for European leaders.

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[2] Opinion expressed by Fabia Jones, 01/2012, http://www.parlamentor.ro/news/noul-cadru-financiar-multianual-2014-2020-al-ue-propune-un-nou-fond-dedicat.

Public debate on this topic is a new feature designed to streamline the process of fostering of new solutions to produce the expected effects from all over the world.

In this respect, much of information relating to the multiannual financial framework, remitted by the Department of European Affairs in the government of Romania, retrieve data published by the European Commission:

- European Commission also propose the strengthening programs of education and training vocational training. In the view of the Commission, investing in young people is one of the best business plans. In this respect, the said institution shall be pronounced for the creation of an integrated program of 15.2 billion euros for education, training and youth, with an emphasis on developing skills and mobility.
- At the same time, is provided for and a significant increase in investment in research and innovation. It is a strategy of the EU headed "Horizon 2020 ", worth 80 billion euros, which is to stimulate the competitiveness Europe at the global level to support the creation of new jobs.
- European Commission proposes investing of 4.1 billion euros in European security to fight crime and terrorism and 3.4 billion euros in policies of the migration and asylum. These two policies are considered crucial for the competitiveness and social cohesion of the European Union.
- Also, the Commission wishes to make the EU a influential actor at the global level, in the context of budget increase for external relations of the European Union, which will reach 70,2 billion euro. Shall be allocated to significant amounts of money for policy on the vicinity, so that it can be promoted around Europe democracy and prosperity. In addition, other amounts will be used for eradication of poverty.
- As regards the financing EU budget, the Commission proposes introduction of a system of own resources more transparent and equitable as possible, while allowing the reduce and simplify contributions required of the member states. Particular stress is to use innovative tools, as well as the addition of new its own resources, such as tax on financial transactions.

Common Agricultural Policy is still the most important in the EU budget, receiving consistent financing that is to say, by the amount of 371,72 billion euros, to which is added a additional margin of maneuver of 15.2 billion euros. In total, 386.9 billion euros in the period 2014-2020 for agriculture. Practically, the expenditure for the common agricultural policy (CAP) will be maintained at their level in 2013.

It is a good basis for the reform that they propose and allows you to maintain a solid structure for PAC, in terms of both direct payments, as well as rural development program. It is also a budget that allows reduce differences between east and west, between payments they receive farmers of the old and the new Member States

This sector is strategically important to the economy, for the development of the rural communities, but also for the environment. In fact, it is expected that 30% of direct aids granted farmers are subject to organic growth of farms.

4. Conclusions on the New Multiannual Financial Framework. (MFF)

The document is trying to include solutions to claims made by some states more strongly affected by the crisis, which up until the present time they have been expected, each Member State as he had been recommended to take the necessary measures in such a way as to diminish the effect crisis before the entry into force of the new multiannual financial framework.

The new regulatory framework introduces a partnership agreement between the Community and the Government of each Member State, between which, in this mode, it is relations shall be laid down more concrete and more pragmatic, which up until now they have been expected especially by the member in difficulty (and the list is getting longer as the recession is worsening).

In connection with the partnership contracts, conditions have existed and up until now. The news refers to the fact that these conditions for the future multiannual financial framework will be covered by a contract of partnership between the Community and the Government of each Member State and they will be more concrete, more pragmatic.

There will be no more generic quantification and will no longer provide an opportunity for interpretations, which in the end that is attracted in a manner effective and which do not permit different opinions from the initial point of view, from the persons who has undertaken the government concerned. Will be contractual relations, not of a political nature - will be contractual relationships of the kind 'will you take the money, but you must realize this in the following conditions'. These contractual terms are sometimes very tough one. Strengthens the relationship from this perspective, a tougher relationship may take between the Community and the governments of the member state.[3]

In this context, interesting is the point of view of Mrs. vice ambassador Blythe, opinion which is the point of view of Great Britain and who appreciate that it is necessary a freeze on EU budget in real terms, it's essential in the actual context of European economic and fiscal situation.

Although at the moment EU is facing with an acute crisis of the sovereign debt, the crisis in the long term, of a chronic nature - is that of growth and competitiveness. The most important strategic challenge the following budget must not exceed that of economic growth, is considering the UK through the voice of Mrs. Vice- ambassador Blythe.

In this context, interesting is the opinion of Mrs. vice ambassador Blythe, which is the point of view of UK, who appreciate that it is the point of view is expressed in conditions in which the budget of the United Kingdom has increased by two times in the period from 2000 to 2011.

Beyond the words and diplomatic exchanges of ideas and points of view, relevant is the fact that recession extended over the all Western Balkan area, the Czech Republic, Hungary, Slovenia, Slovakia, etc, except for Germany, that, in countries such as Bulgaria, Romania, Latvia, Hungary, and Spain, Portugal, poverty is increased and includes broad category of the population.

However, according to the estimates, 2013 desired to be a year for the increase in the GDP (except Slovenia), and the year 2014, in the optimistic version, may represent an "oasis of hope" for European economic fare being raised by stimulating Euro area.

With all these difficulties, it is assumed that Euro area shall not enter into collapse, (such as like some), especially in conditions in which European funding for developing member states, according to statistics, each 0.6 % of every euro spent is going back in the Member States, so it's a policy "win-win" and not charities, how would allow some people to understand!

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[3] Opinion expressed by Nicolae Idu, Șeful Reprezentanței European Commission, in Romania, during the conference "New multiannual financial framework: priorities for the European Union, priorities for Romania", Bucharest, 13 dec. 2012.